



Retirement Board Governance

Posted by **Pierluigi Oliverio** on Monday, August 31, 2009

Last week, I chose to attend both outreach meetings regarding the issue of retirement board governance, so I could hear concerns first-hand instead of reading a staff report. The possibility of changing the makeup of the current retirement board was presented by the consultant. The biggest change, if adopted, would be to remove city councilmembers from the board and add "independent" board members with a finance background.

Discussion about changing the amount of pension contributions or starting a second-tier retirement system for new employees was not part of the report. If you want to review the entire report by Cortex then **[go to this website](#)**.

Since 99.95 percent of city residents did not attend the meetings I thought I would share a synopsis of the comments that were made by attendees:

- Ken (City retiree and former retirement board trustee)
Status Quo is fine. Like none of the report
- Yolanda (union leader)
City employees have a stake in the pension, independent people would not.
Leave the the Councilmembers on the board. Why fix what is not broken. More outreach to city employees is needed. City is taking advantage of the recession. City wants to implement a two-tier retirement system.
- Jerry (SJ taxpayer)
Change pensions to 401K's
- David (SJ taxpayer)
Thinks Council appointment of "independent" finance experts would be political and council would appoint union approved experts. The taxpayers are on the hook for pension fund losses. Cortex should have studied current board system.

- Steve (City retiree)

The report is a slap in the face. The City is stingy. Picking of Cortex was biased. There is no problem with current system.

- Brad (City retiree and 12-year trustee of retirement board)

Report is flawed. Only people that live in SJ should be on retirement board, currently not the case.

Council in the past appointed people the board that were Union favorites and not the most qualified.

- Carmine (City retiree and 13-year trustee of retirement board)

The current pension losses is not due to current governance model.

Council would appoint "independent" experts that serve their wishes and possibly not the employees.

How can we look to financial experts when many financial institutions have people in jail?

- Ben (union leader)

It would be bad policy to exclude elected councilmembers from the board. People with fiscal experience will not solve problems-not a cure all.

- Pete (City retiree)

Changing board will do nothing. No trust of financial experts. San Jose retirement plans should be a model of the nation. Yale lost 25 percent last year in pension fund and they are a Cortex client. Ontario teacher fund lost 18 percent last year and they are a Cortex client. You are awaking a sleeping giant of city workers that will go out and inform the public of the real story.

- Mary Sue (spouse of city retiree)

Feels that the "independent" experts represent city management and not the unions.

Unions should have a majority control of board not "independent" experts.

Life experience more valuable than education and expertise. City Councilmembers themselves are against us because they do not get retirement benefits.

- Rodney (SJ taxpayer)

No protection for taxpayer.

- Dan (union leader)

The board has done a wonderful job.

The theme is that there is a lack of trust. More outreach needed to Labor.

- Susan (SJ taxpayer)
Small business owners should be on retirement board. Investments should strive for safety and security and not be invested in risky assets. SJ needs pension reform. Taxpayers are not an ATM.
- Michael (city retiree)
I am a taxpayer too. City management is the problem.
- Naomi (spouse of city retiree)
This is not the time to make changes
- Bob (city retiree)
Suspicious of city management. Why hire a firm from Canada? Don't trust people in suits.
Posting reports on website is no good-we want paper.
- Linda (union leader)
Concerned about the option of active employees electing a non active employee representative.
- Ashok (SJ taxpayer)
Pensions are a structural problem.
Totally disappointed that SJ not considering true pension reform
Why should SJ residents have to pay for pension losses?
- Jeffrey (city employee)
This is a power grab by city management.
- Gail (spouse of city retiree)
Against any changes. People invested in the plan have a stake in the plan. Wrong time to make changes. Don't trust the Council they make bad financial decisions like funding Mexican Heritage Plaza.
- Bill (union leader and former neutral retirement board trustee)
The reports touts "flexibility" but he does not see "flexibility" this is more of a concession.
Would give too much power to the Council
- Don (City retiree)
City management has been after our money for 30 years. Banker and attorneys are not experts.
We are not broke since we control it. We don't need your expertise.
- Joyce (SJ taxpayer)
Mercury News is not favorable to business interests.

My 401K is a 201K. Add SJ taxpayers to retirement board.
Heads of Unions have conflicts of interest.

- Dorothy (city retiree)

All people should have guaranteed pensions. 401K's bad.

- John (union attorney)

Likes removing veto power of council on board trustee nominations.
Prefer Florida model of pension boards which is 3 from employees, 3 from city/council and then 7th person is appointed by the 6 board members for a neutral member.

- Dave (city retiree)

Gave King Solomon analogy.

Mayors and Council will go but the benefits need to stay.

Bankers getting big bonuses. Something about selling Tulips in Holland.

Experts have nothing to bring to the table.

- Craig (SJ taxpayer)

Thank city employees for their work.

Former CFO. Nearly all companies have 401K's. Pensions are the same as Social Security and are destined to go bankrupt. Why does not the city do a comprehensive pension overhaul. Taxpayers are the guarantee on pension losses.

- Walter (city employee)

Against report. No need to make changes.

Concern of removal of trustee and how super majority would work for pension fund investing in SJ projects.

- Bob (city retiree and president of retired employees, 2900 pensioners and 4600 with spouses/partners)

City councilmembers are good to have on boards. Board should stay the way it is.

Majority vote by non union trustees is not good. Next decade may have modest investment returns and if we pay "independent" experts that will raise the cost to administer the pension funds.

- Paul (city retiree)

I vote and pay taxes. Why fix what is not broken.

City management power grab that last 30 years. Leave it alone. Cortex is the low bid-it is a sham.

We want elected councilmembers on the board.

- Tony (city employee)

We do not have to support your proposal.

- Bobby (union leader)

City Management and staff lie. Police union only given two hours to give input.

Distrust of city manager over the years, lies. We are all taxpayers. Not broken-no trust.

City wrong in facts and makes financial mistakes.

Councilmembers on the retirement board safeguard the system. Want fairness

- Gay (union leader)

Concerned how budget will pay for "independent" financial experts.

- Eric (union leader)

Nothing broken. City Mgr trying to mess around with benefits. Do not agree with the report.

- Tim (city retiree and former retirement board trustee)

City management trying to control. We have experts already. I have a vested interest in pension and only people with vested interest should serve on the board. Companies like Apple and Intel get in trouble for options backdating. Unions need to be the majority on pension board.

- Tom (city retiree)

Not paid enough. Proposed governance model is a charade.

Mercury news is biased and not telling the whole story. It is my money.

- Mike (city employee)

Current systems is not broken. More experts will overkill board. Prop 162 split government from pension boards.

This topic will come to the Council in late September/early October.

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